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EIC-M-10

20 December 1951

~~SECURITY INFORMATION~~

ECONOMIC INTELLIGENCE COMMITTEE

Minutes of Meeting held in
Room 2101, Temporary "M" Building
26th and Constitution Avenue, N.W.

18 December 1951

PRESENT:

Dr. Max F. Millikan, CIA, Chairman
Mr. Edward Doherty, State
Mr. Howard Wiedemann, State
Lt. Col. George B. Russell, Army
Dr. Joseph Coker, Air Force
Mr. William J. Welk, ECA
Mr. Robert Simpson, Commerce
Mr. Emil E. Schnellbacher, Commerce
[REDACTED] Jr., CIA, Secretary

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APPROVAL OF MINUTES

1. Action: The minutes of the Economic Intelligence Committee meeting of 6 December 1951 (EIC-M-9) were approved.

TERMS OF REFERENCE - SUBCOMMITTEE ON CHEMICALS

2. Action: The EIC Secretary is to advise the Chairman of the Chemical Subcommittee that the EIC regards the function indicated in the proposed standard terms of reference under D. 1. c. (as quoted below*) as an important function of the subcommittees and assumes that the Chemical Subcommittee regards this as included in its terms of reference even though it is not specifically stated. The Subcommittee may make changes in its terms of reference to cover this point if they feel it is necessary. With these qualifications the terms of reference were approved.

3. Copies of EIC-M-9 are to be distributed to the Chairmen of all existing and future Subcommittees with the explanation that paragraphs 7, 8, 9, 10 and 11 express the views of the EIC on the initiation and preparation of projects by the Subcommittees.

* Examine the data and analyses in the field of (CHEMICALS) and advise the EIC in regard to the pertinence, extent and quality of the available intelligence.

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TERMS OF REFERENCE - PETROLEUM INTELLIGENCE ADVISORY GROUP

4. Action: The terms of reference for the PIAG were approved with the following minor changes: Paragraph 4 (b) should be changed to read "Review and offer recommendations on studies which have been approved for its consideration by the EIC."

PROPOSAL FOR CONTINUING COMPILATION OF EAST-WEST TRADE STATISTICS IN THE DEPARTMENT OF COMMERCE

5. Action: The Secretary of the EIC was directed to contact the Chairman of the Subcommittee on Requirements and Facilities for Collation to advise him that the EIC is anxious that the Department of State Foreign Reporting Circular on Trade and Other Economic Relations with Soviet Bloc Countries dated 26 November 1951 not be sent out until it is completely coordinated with the Department of Commerce and MSA so that it will reflect current requirements for compiling statistics on East-West trade.

6. Any agency which has not as yet taken part in the interagency discussions of East-West trade statistics described in paragraph #7 below, and which wishes to participate in further such discussions should get in touch with the EIC Secretariat no later than the first week in January.

7. Discussion: Two separate but very closely related problems which have come up recently in connection with East-West trade statistics are: (1) the preparation of statistical information for NIE-59; and (2) the general problem of supplying East-West trade statistics on a continuing basis for the use of the Battle Act Administrator and other agencies concerned with East-West trade. A proposal has been made, and accepted by the Department of Commerce, that Commerce should maintain a continuing compilation of East-West trade statistics and issue quarterly reports of such statistics. The information to be included in such reports and the form in which they should be issued are now under consideration. Commerce will submit its proposals on these two questions to MSA within a few weeks, and they will then be discussed with all potential users of the information who express an interest.

SURVEY OF GOVERNMENT ECONOMIC RESEARCH PROGRAMS ON THE SOVIET BLOC

8. Action: The Secretary was directed by the EIC to discuss the form and objectives of the survey with those members most interested in securing modifications to the approach used in the agricultural presentation.

9. Discussion: The discussion mainly centered around the questions of: (1) what is meant to be included in column 2 of the worksheet; and (2) how best to describe the different types of economic and research.

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DISCUSSION OF THE PROPOSED STANDARD FORM FOR SUBCOMMITTEE TERMS OF REFERENCE

10. Action: It was agreed that the proposed standard form for subcommittee terms of reference would be furnished as a general guide to each new EIC subcommittee.

PROPOSAL FOR A SUBCOMMITTEE ON ECONOMIC ANALYSIS

11. Action: CIA and State will prepare a new draft of proposed functions for a Subcommittee on Economic Analysis.

12. Prior to the next meeting, EIC members are to suggest individuals from their agencies who might usefully participate in such a subcommittee and are to consider whether or not it would be desirable to have members from outside the intelligence community.


13. The Secretariat is to draw up a paper setting forth proposed functions for a Subcommittee on International Trade and Finance.

14. Discussion: Mr. Wiedemann, State, presented a proposal for the formation of a Subcommittee on Economic Analysis. The proposal suggested that this subcommittee might handle such subjects as: (1) national accounts; (2) monetary and financial matters; and (3) foreign trade. The Chairman suggested that the subcommittee's scope might be defined as covering all substantive problems whose solution requires the application of fairly advanced analytic tools and techniques of economic theory such as input-output analysis, national income accounting, the construction of index numbers, price and cost theory, and the like. He questioned whether the persons best qualified for such a committee would also have the specialized background required in the fields of foreign trade and international finance, which might more appropriately be the province of a different subcommittee. This discussion will be continued at the next meeting.

PROPOSAL FOR EXCHANGE OF INFORMATION ON THE ACTIVITIES OF REPRESENTATIVES ABROAD

15. Action: Discussion on this agenda item was postponed until the next meeting. CIA is to prepare a document setting forth its proposal for distribution to members prior to the next meeting.

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Executive Secretary
Economic Intelligence Committee